

A Study in Performance Based Contracting of Cradle-to-Grave Hazardous Material Management

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INTRODUCTION

An Air Force Base is undertaking an initiative to acquire a commercial contractor to manage and operate the hazardous material (HAZMAT) and hazardous waste (HAZWASTE) functions, from cradle-to-grave. These functions include the Hazardous Material Pharmacy (HAZMART), the 90-day Central Accumulation Site, Recoverable Petroleum Products Accumulation Point, and the Environmental Management Information System (EMIS). None of these areas are core Air Force competencies, nor are they related to war fighting skills. Competitive sourcing these functions will allow the Air Force Base to focus military personnel and resources on core Air Force missions consistent with Air Force Policy Directive 38-6, Outsourcing and Privatization.

OBJECTIVE

The objective of this initiative is to consolidate separate HAZMART and HAZWASTE facilities and functions performing related activities and capitalizing on private industry's strengths, experience, and innovation to provide efficient and effective HAZMAT and HAZWASTE management and operations on the military installation.

PERFORMANCE REQUIREMENTS

The contractor must:

- (a) Process and approve new requisitions of hazardous material; receive, inspect, store, issue, and distribute HAZMAT;
- (b) perform the data entry and employ the EMIS hardware and software to provide data management, reporting and training;
- (c) manage the turn-in of base hazardous waste by working with Defense Reutilization and Marketing Office waste disposal contractors;
- (d) prepare manifests and develop and track waste stream profiles;
- (e) monitor the handling, storage, and turn-in processes, and finally,
- (f) coordinate the disposition of recoverable and unusable products.

THEORY

This initiative is in response to the Air Force competitive sourcing and privatization goal to do business better, cheaper, and faster--thus freeing up funds for force modernization. The operating principle underlying this initiative is that it is more economical for private industry to perform the Base HAZMAT and HAZWASTE functions than currently performed in-house.

BACKGROUND

This project began as a modest idea to outsource the HAZMART function controlled by the base's Supply Squadron. The idea then evolved to integrate similar activities to create a synergism with greater economies. A multi-functional team was created to study the feasibility of improving the hazardous material management process while reducing the cost of operations.

The multi-functional team members are Base Supply, Environmental Management, Bio-environmental, Contracting, and Manpower. This cradle-to-grave initiative also involves several units not under the control of the installation support Wing such as Defense Reutilization Management Office and contracted waste transportation. The greatest challenge facing the team is to shift the focus of each function from their individual benefits or losses onto the value and capability of the group. Each function is attempting to protect their own investment in the existing HAZMAT process rather than agree upon the criteria that would benefit the Wing or the Air Force to the maximum.

Overcoming each organization's resistance to obtain a plan most beneficial to the Air Force is proving to be an arduous process. The idea to consolidate this particular process was not dictated by command or air force direction; therefore, our approach to success is not the usual way of doing business. Rather than following higher guidance, each function's leadership needed persuading that the Base could achieve greater efficiency and cost savings when operating together rather than as independent entities.

BENEFITS

The Base envisions numerous benefits resulting from this initiative such as establishment of a single point of expertise for HAZMAT and HAZWASTE issues, savings through economies of scale and optimal inventory control, and overall lower costs of operations. The acquisition strategy employed to achieve these benefits is the award of a performance-based contract to a single qualified contractor using streamlined best-value contracting procedures. The contractor will use government-furnished facilities in the performance of the contract. This performance-based fixed price contract will shift risk management to the contractor by structuring the acquisition around the purpose of the work to be performed, not the manner in which it is performed. This will give the contractor the freedom to determine how to meet the government's performance objectives and achieve the appropriate performance quality levels. This approach is less costly to the government by providing the contractor the greatest opportunity to provide a quality service at a reasonable price. In addition, the contract will contain an award fee incentive tied to the contractor's effectiveness and success in reducing hazardous material and waste quantities.

CONCLUSION

The vision is to achieve a lower cost, streamlined, and effective HAZMAT and HAZWASTE process on the Air Force Base by contracting for the most efficient management of the four non-military essential functions proposed for competitive sourcing. This concept is aligned with MAJCOM'S FY 99 direction to accomplish the mission in a "less expensive way" without sacrificing effectiveness. It is believed the revolutionary cradle-to-grave management initiative is the future of DoD hazardous material and waste tracking, handling, storing and disposal.